an extent as to necessitate the appointment of an Assistant Diwan Peishkar to cope with the increased work of the Land Revenue department. The question of the local manufacture of salt has been investigated and the prospects are found hopeful. A provisional allotment of Rs. 3,000 has been made for 1118 under "Excise" to start local manufacture of Salt. The other heads have mainly "carrying on" allotments, except perhaps "Forests" which department is aiding war effort by collecting the available supply of soft-wood. Though less than the revised estimate of Rs 4·88 lakhs by Rs. ·27 lakh the budget estimate for the coming year provides for extensive operations of the department in the matter of the collection of soft-wood and other kinds of wood which are now in demand for War supplies.

The higher income anticipated from the Income-tax department (Rs. 13 lakhs) is, as in the current year, expected to bring about the probable necessity for larger refunds and hence the budget estimate has been fixed at Rs. 1·48 lakhs. A temporary staff of a surveyor and 2 clerks have also been entertained to cope with the increased work.

## LAW AND ORDER SERVICES

I now pass on to Law and Order Services—I mean Law and Justice, Jails, Police and Military. Of these, Jails, Police and Military make provision for larger allotments as compared with the previous year.

**Jails.**—The increase in the number of the jail population has led to the appointment of a temporary establishment of Warders, etc., and the increase in the cost of food stuff and the improvement of the menu have necessitated enhanced provision under "Diet of Prisoners".

**Police.**—Under "Police" we have provided for an increase of Rs. 0·58 lakh over the revised estimate of Rs. 2·48 lakhs. A temporary force of Head Constables, Constables, etc., has been recruited to replace the Armed Reserve and other forces taken for duty elsewhere to meet the present situation. It is proposed to give house rent allowance to the Police Force and for this purpose due provision has been made in the budget. We also propose to make the Police Force as efficient as possible by giving them more intensive training and by supplying them with up-to-date weapons and ammunition. Necessary allotment has been made for their training locally and at Vellore.

**Military.**—As for the "military" a reorganisation of the force is under contemplation and a lump sum provision of Rs. 23,576 has been made for it.

## ADMINISTRATION SERVICES

Passing on, I now come to the administration services, *viz.*, General Administration, Finance and Accounts, Palace and Miscellaneous. These heads form the nerve centre of the whole administration and naturally adequate provision has to be made for them.

**General Administration.**—Under General Administration—Huzur —it will be noticed that the post of the Private Secretary to the Diwan has been abolished and in its place the post of a confidential clerk on a much lower scale created. The establishment of the Publicity Officer and staff has been disbanded; but a large temporary establishment of a Superintendent and clerks has been created to cope with the large volume of War correspondence.

**Finance and Accounts.**—The House will agree that it is highly necessary to see by timely audit that the money allotted to the various departments has been properly spent, and hence many institutions had been brought under Local Audit from time to time. This has necessitated the strengthening of the audit staff next year. The large increase in the number of Provident Fund subscribers has similarly necessitated the strengthening of the Provident Fund section by two auditors. A leave reserve staff has also been sanctioned as in British audit offices and this is expected to contribute to the efficiency of the audit department and bring in savings under leave allowance.

## CAPITAL SERVICES

**Capital outlay.**—Lastly, I come to Capital services undertaken by the Government, the more important of which are the Railway, the Harbour, the Anamalais Road, Irrigation Works and Electrification. It has been the policy of the Government to find money for the capital programme from the balances and surplus investments and to borrow from open market only when absolutely necessary. The capital programme of the coming year is accordingly proposed to be met from our surplus funds. It may be pertinently asked whether it is not sounder to go to the open market for financing capital schemes. It is undoubtedly a sound financial principle to spread such burden over the future generations which are the main beneficiaries of such schemes, instead of shouldering the whole burden ourselves by spending our surpluses on them; but the time is not opportune nor is the need urgent to raise any such

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loans. A sum of Rs. 0·66 lakh has been provided for the Pallivasal scheme; an allotment of Rs. 4 lakhs is made for the completion of the Anamalais road; also two new irrigation schemes are proposed in the coming year, *viz.*, the Thottara Puncha Irrigation scheme and the Chalakkudi Irrigation scheme. The extension of the Railway—Edappilli-Harbour link—having been completed at a cost of Rs. 11·38 lakhs the total expenditure on Railway has risen to Rs. 117·17 lakhs and it is expected to bring in a return of 5·98 per cent in 1118 as against 6·86 per cent we received this year.

## REVENUE RESERVE FUND

At the beginning of 1117 the Revenue Reserve Fund amounted to Rs. 14·75 lakhs. During the year, a sum of Rs. 10 lakhs was transferred to this Fund from the large surplus of last year (1116) thus raising it to Rs. 24·75 lakhs. A sum of Rs. 1 lakh has been taken from the Fund for special contribution for Rural Development and another lakh of rupees for contribution to H. M. I. S. Cochin. The balance in the Fund at the end of the current year will thus be Rs. 22·75 lakhs. From this we propose to allot Rs. 2 lakhs for special contribution for rural development in the year 1118 and we would then have Rs. 20·75 lakhs which may be of great use to us in future years for post-war reconstruction.

## OUR DEBT POSITION

I shall now pass on to review our debt position and explain our ways and means.

The 5 per cent debenture loan of Rs. 75 lakhs raised in 1933 matures on 1st October 1943 and the question of its redemption will be engaging the attention of the Government in the near future. The 3½ per cent loan of Rs. 30 lakhs is maintaining a good position in the money market which thus indicates public confidence in the stability of our State finances. Our debt position at the end of 1118 is expected to stand at Rs. 236·49 lakhs consisting of debenture loans of Rs. 105 lakhs and balances at the credit of Provident Fund, Deposit Funds, etc., amounting to Rs. 131·49 lakhs. When our Sinking Funds, Cash balances, Investments in Government gilt-edged securities and the various loans and advances made to the agriculturists, industrialists, etc., are taken into account it would be seen that the debt burden is rather small and is more than covered up by our assets and investments on reproductive works, as would be clear from the statement of assets and liabilities attached to the budget before you.

## WAYS AND MEANS

I shall now proceed to the ways and means programme for the coming year. Our working balance in the treasuries and banks is expected to amount to Rs. 33·62 lakhs at the close of the current year. During the next year we have to finance capital works to the extent of Rs. 6·33 lakhs. The revenue transactions of next year would bring in Rs. 3·2 lakhs as surplus. The several advances we have made when returned would leave with us over Rs. 3 lakhs. Again, the current year is expected to close with a surplus of Rs. 7·94 lakhs. Thus it would be seen that our current balances would normally suffice for meeting the requirements of 1118, even though as a matter of caution we have forecast a withdrawal from our investments to meet any unforseen developments. The year is thus expected to close with a cash balance of Rs. 38·63 lakhs.

## CRANGANUR

The principality of Cranganur whose accounts are maintained separately repeats the old story of deficit budget—the expenditure for the growing administration having outgrown its static revenues. In spite of the contribution of Rs. 10,000 from the State the actuals of 1116 resulted in a deficit of Rs. 0·54 lakh. The deficit of Rs. 0·45 lakh anticipated in the budget estimate of the current year is expected to come to Rs. 0·41 lakh only mainly on account of increase in receipts—the revised estimate of revenue and expenditure being Rs. 1·93 lakhs and Rs. 2·34 lakhs against the budget estimates of Rs. 1·85 lakhs and Rs. 2·30 lakhs respectively—the main increase in revenue occurring under "Salt" on account of the larger revised contribution from the State. For the coming year, a revenue of Rs. 1·88 lakhs is anticipated against an expenditure of Rs. 2·39 lakhs leaving a deficit of Rs. 0·51 lakh. "Education" and "Medical" get larger allotments as in the State while the activities of all other departments are kept in the same level as in previous years. The usual contribution of Rs. 10,000 from the State is continued.

## CONCLUSION

Sir, I have now finished. I have attempted to give the House as faithful and accurate a picture as I can of the financial position of the State for the years 1116, 1117 and 1118. With

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